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AMENDMENTS TO THE CLAIMS:

 (Currently amended) A method of preventing counterfeiting of a smart card, comprising: providing a smart card with a cryptographic structure for authorizing the smart card which cannot be accessed completely by a predetermined small number of readings,

wherein said cryptographic structure can be built only by whoever emits the card or an agent thereof; and

providing a reader for reading said smart card and including a database holding information related to unauthorized smart cards, said reader being on-line, such that said reader is operatively connected to a network, only when said database of said reader is being updated by said network.

- 2. (Canceled).
- 3. (Original) The method of claim 1, wherein an entire process of said method is performable off-line.
- 4. (Original) The method of claim 1, wherein said smart card carries thereon predetermined N channels as C1, C2,..., CN, where N is an integer,

wherein each channel Ci, with i equal to 1, 2, ..., N, carries a pair of numbers (hi, li), and wherein hi is the ith high number and li is the ith low number.

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5. (Original) The method of claim 4, further comprising:

using public key cryptography with associated encoding and decoding functions Vi and Vi^{-1} in each channel i,

wherein each function Vi⁻¹ is known publicly, and Vi is known only to a predetermined party representing an owner of the smart card.

6. (Original) The method of claim 5, wherein for each i in 1, 2,..., N, the pair (hi, li) is such that hi = Vi(li), or hi = Vi(K(li)), where K represents a publicly-known cryptographic hash function, and

wherein each li contains a plurality of symbols for redundancy.

7. (Original) The method of claim 6, further comprising:

processing, using an invertible function f which is made public, such that the low numbers in said smart card satisfy l(i+j) = f'(li), where f' represents the j^{th} iteration of the function f.

8. (Previously presented) The method of claim 6, wherein a reader includes a random number generator, which, when a card is read, chooses a pair (a, b) of distinct numbers with a < b between 1 and N,

wherein before processing the smart card, the reader obtains the pair (ha, la) and hb; using the public keys Va⁻¹ and Vb⁻¹, checking by the reader whether the pairs (ha, la) and (hb, lb) are compatible, and, consequently, that the numbers ha, la, and hb belong to a same legitimate card.

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- 9. (Original) The method of claim 4, wherein a reader obtains a content of only two of said channels.
- 10. (Original) The method of claim 1, further comprising:
 periodically communicating, by a reader of said smart card, with a data base where a
 predetermined characteristic of the card is checked.
- 11. (Original) The method of claim 10, wherein the predetermined characteristic comprises whether a smart card has delivered more than a predetermined amount of money to a user of the smart card.
- 12. (Original) The method of claim 11, wherein if a card is detected as delivering too much money, the data base communicates a corresponding number 11 to all readers in a network, so that smart cards carrying said corresponding number are declined.
- 13. (Original) The method of claim 1, wherein said cryptographic structure is changed periodically.
- 14. (Original) The method of claim 1, wherein said smart card is invalidated after a predetermined time of usage.

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15. (Original) The method of claim 8, wherein said pairs (hi, li) to be contained on the smart card are generated by:

choosing a prefix of 11 once for all transactions, or changed whenever needed, wherein said prefix is publicly known; and

providing a sequence, such that the sequence is generated so that a same number is not chosen twice, and so that corresponding other li's are not chosen as new l1s.

- 16. (Original) The method of claim 15, further comprising:
 concatenating the prefix and the sequence to form 11; and
 choosing a function f which is invertible and is publicly known, to construct 12 = f(11), 13
 = f(12), and so forth.
- 17. (Original) The method of claim 16, wherein the function f is chosen to be the identity map, in which case 11 = 12 = 13 = ...=IN.
- 18. (Original) The method of claim 17, choosing, for a number N, N public key-private key pairs, such that a first private key V1 is for computing h1 = V1(11), a second private key V2 is for computing h2 = V2(12), and so on.
- 19. (Original) The method of claim 18, further comprising:
 verifying whether the smart card is authentic; and
 checking whether the smart card is not in a list of cards to be refused.

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- 20. (Original) The method of claim 1, wherein, when the smart card is read by a reader, a random generator is prompted which provides two integer numbers, a and b, which are not between 1 and N, with a < b.
- 21. (Original) The method of claim 20, wherein said numbers a, b are transmitted to the smart card which delivers two high numbers ha, hb, and a low number la in a channel a, and wherein the pair (a, b), together with a function f in a memory in the reader, are used to compute the low number lb = f^(b-a)(la), said memory in said reader delivering public keys Va⁻¹ and Vb⁻¹.
- 22. (Original) The method of claim 21, wherein the public keys are used by a comparator together with the pairs (ha, la) and (hb, lb), to verify that the pairs are compatible with the corresponding keys, and that the pairs are from a same legitimate card.
- 23. (Original) The method of claim 1, further comprising:
 performing a final validation of the smart card by at least one of:

contacting a central data base if an entire transaction is made on-line with no penalty; and

checking with a local data base in a reader, said local database being refreshed periodically by contact between said local database and said central database.

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24. (Original) A method of preventing counterfeiting of a smart card, comprising: providing a smart card such that none of confidential information and a cryptographic key for authorizing the smart card, is carried on the smart card;

reading said card by a reader such that in each reading, said reader reads only a predetermined small amount of information which makes the card unique.

- 25. (Original) The method of claim 24, wherein a transaction performed under said method comprises substantially an off-line transaction.
- 26. (Original) A system for preventing cloning of a smart card, comprising:
 a smart card such that a cryptographic structure for authorizing the smart card is not
 carried on the smart card; and

a reader for reading the smart card and including a database for linking to a network and being updated periodically with a list of unauthorized smart cards,

wherein said cryptographic structure is kept secret by whoever emits the card or an agent thereof.

27. (Original) A signal-bearing medium tangibly embodying a program of machine-readable instructions executable by a digital processing apparatus to perform a method for preventing counterfeiting and cloning of smart cards, comprising:

providing a smart card with a cryptographic structure for authorizing the smart card which cannot be accessed completely by a predetermined number of readings,

wherein said cryptographic structure can be built only by whoever emits the card or an agent thereof.

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28. (New) The method of claim 1, wherein information stored on said smart card is devoid of confidential information.